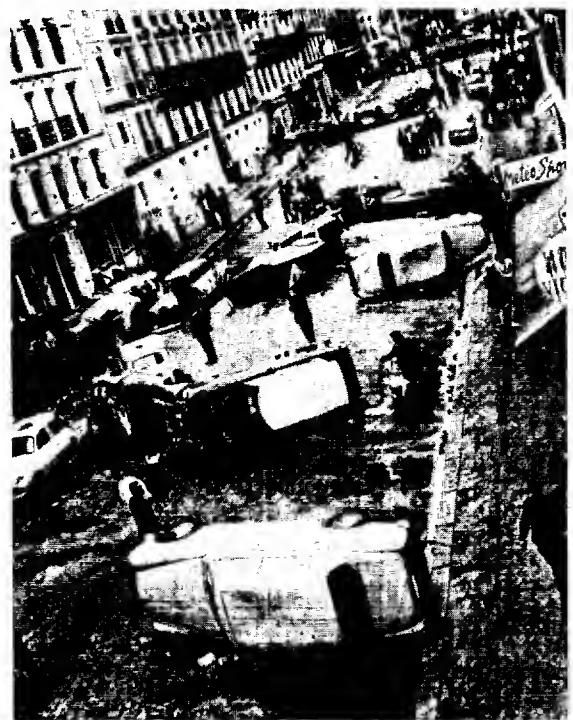


~~CONFIDENTIAL~~

Students and workers riot during May 1968 crisis.



3. The student-worker coalition during the crisis was somewhat paradoxical because French workers have never regarded university students as allies. Workers traditionally have viewed the students as representatives of a bourgeois class with vested interests in the governmental and social establishment against which French labor strongly rebelled. In 1968, however, militant student leaders were fighting for objectives that appealed to younger, leftist labor elements. The students wanted not only a reform of educational institutions--which among other things would have offered greater opportunities to the children of workers--but also, and more importantly, the students sought a general reform of French society.

4. The workers rejected the government's Grenelle Accords of 27 May, despite the urging of their leaders, though the substance of these accords did eventually serve as the basis for the settlement of the strikes in late June. In addition to wage increases ranging from 10 to 21 percent,

~~CONFIDENTIAL~~

CONFIDENTIAL

the accords committed the government to introduce legislation guaranteeing trade union rights and increases in social security benefits.

Aftermath

5. The French economy started down the road to recovery in the first months after the strikes. The government helped to clear the atmosphere by acting quickly to carry out its legislative promises. Labor leaders, to protect their gains, pressed for immediate implementation. But the regime was nervous about several factors that still threatened the economy. It was particularly concerned over labor's intentions in the light of its new militancy and over the stability of the franc in the face of the new wage settlements. During the last two months of 1968, the monetary crisis impelled the government to launch an austerity program in preference to devaluing the franc. Currency controls were introduced, credit and budget policies were tightened, a tax policy to improve balance of payments was adopted, and a new series of price controls imposed.

6. The workers feared the program would wipe out their gains and place a disproportionate burden on them, and the labor unions promoted some protests against the program. No significant strikes resulted, however, and labor demonstrations were minimal. Most workers probably reasoned that prices had not risen enough to justify serious protests. Moreover, they were reassured by the government's prompt moves to fulfill its promises on trade union rights legislation, labor's most significant achievement in 1968. Nonetheless, as the year ended, most of the basic problems that set off the May crisis remained, despite the considerable effort to solve them.

Labor Reforms

7. No significant progress in labor-management relations was made until President Georges Pompidou came to power on 20 June 1969. In an effort to get the unhealthy French economy moving, the Pompidou government devalued the franc on 8 August 1969, at

CONFIDENTIAL

CONFIDENTIAL

the expense of irritating labor, and instituted an economic stabilization plan. These moves greatly facilitated France's economic recovery and laid the groundwork for reforms that served to ameliorate labor-management relations.

8. In September 1969 Prime Minister Jacques Chaban-Delmas announced his "new society" program, describing it as the first step toward improving the social climate. With the aid of two special assistants, Jacques Delors and Simon Nora, he initiated a pattern of government consultations with the unions in a search for programs and policies that benefit both. Although the consultation procedure varies with circumstances, the government representative, Delors, bypasses the central labor organization and talks directly with the local leaders who are more aware of worker complaints. Simultaneously, the other government representative Nora, contacts management, stressing the importance of resolving management differences with labor. The system has worked well thus far, even in cases involving civil servants and nationalized industries where the government was one of the disputing parties. The new technique contrasts with that of the De Gaulle era. Then the government often intervened directly in disputes and imposed solutions rather than limiting its role to that of arbiter between labor and management.



Chaban-Delmas

"Today governing a great state has become infinitely complex, it requires the cooperation of all living forces of the country. Becoming informed and informing, listening and explaining have become imperious necessities. My government will therefore heed the wishes expressed in the country, taking care to act upon these wishes or to explain why it cannot immediately satisfy them. The necessity of teamwork therefore imposes itself—teamwork in which each gives his ideas, his opinions, and in which the decision is made by the man who holds this responsibility after joint reflection...."

National Assembly Address, 26 June 1969

CONFIDENTIAL

CONFIDENTIAL

9. The Pompidou regime promptly enacted a range of useful labor legislation that has brought the country two years of general labor peace. The first reforms were the upward revision of the legal minimum wage with annual adjustments, and the establishment, in October 1969, of a shorter work week (40 hours) without pay reductions. French workers had been legally entitled to a 40-hour week since the Matignon Agreements of 1936, but they have rarely insisted upon implementation. The government has usually permitted management to extend the work week to 43 or 45 hours, requiring only that overtime rates be paid for the added hours. Because many workers needed the overtime pay, they had for many years few objections to the extra work hours.

10. Labor began to press for enforcement of the 40-hour week, and this has resulted in significant adjustments of work schedules since 1970. Many industries in the public and private sector still fall short of meeting official requirements. In state-controlled enterprises, such as electricity and gas, the work week was reduced by two hours to 42 hours; in the railroads by two and a half hours to 42 hours; and in the Paris transportation system by 50 minutes to 41 1/2 hours. In private industry and commerce, the average work week dropped less than half an hour to 44 1/2 hours.

11. The Gaullist profit-sharing program of 1967 was strongly endorsed by the Pompidou administration as an essential aspect of the "new society" program, and legislation was introduced in December 1969 to facilitate its implementation. This measure allows wage and salary earners to benefit from the productivity gains of their company. When the profit-sharing legislation was enacted, about 9,500 enterprises employing four million persons were expected to negotiate with their employees on the adoption of profit-sharing plans. According to the French Ministry of Labor, however, only 5,778 agreements had been signed by the end of 1970. The agreements, covering 6,515 enterprises employing three million workers, resulted in an average bonus of \$64 per worker in 1970, representing 2.7 percent of the

CONFIDENTIAL

MAJOR STEPS TAKEN TO IMPROVE LABOR-MANAGEMENT RELATIONS

1969

- April** Extension of annual paid vacation to four weeks for all workers who have completed one full year of work for the same employer (retroactive to May 1968)
- August** Devaluation of the franc to revive the flagging economy created by the 1968 May crisis
- September** Creation of government's "New society" program to facilitate new labor legislation
- September** Initiation of government's policy of consultation with the trade unions
- October** Establishment of a shorter work week (40-hours) without reduction in pay
- October** Revision of the legal hourly minimum wage in industry and agriculture with annual adjustments
- December** Approval of compulsory legislation for implementation of worker participation in profit shareholding programs (decree of August 1967)
- December** Establishment of a social contract (*"contrat de progrès"*) as the union's guarantee of wage adjustments linked to movements in the GNP, worker productivity, and the general performance of the employing company in return for a 90-day pledge from the unions not to strike

1970

- March** Enactment of *Mensualisation* agreement which transfers blue-collar workers from hourly to monthly pay status and grants them fringe benefits formerly enjoyed only by white-collar workers
- July** Provision of vocational training with partial pay compensation for young workers under 18 years of age and a one-year maximum training leave with full pay compensation for adult workers with two years seniority.

1971

- June** Approval of legal hourly minimum wage increase